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Food packing business steady so far despite drought

Sarah Einselen, Pharos-Tribune News Editor

Food processing employment in Indiana has trended steadily upward despite recent economic hardships, according to a recent analysis published by the Indiana University Kelley School of Business.

However, the summer's drought and heat waves may affect input costs for the area's flourishing meat processing facilities, said a spokesman for Indiana Packers.

The food processing industry has been among the state's most stable employment sectors, according to Carol O. Rogers, deputy director of the [Indiana Business Research Center](#) at the IU business school.

The number of Hoosiers employed by Indiana food processing firms trended toward year-to-year growth over most of the last decade, except in 2006 and 2009. Three years ago, employment in the industry fell by 177 jobs to 34,168, but the industry regained those jobs the next year.

Meat processing makes up the largest component of Indiana's food processing industry by a long shot, Rogers said. It's also a large part of the economy in Cass County and surrounding areas. The Tyson Fresh Meats pork processing plant in Logansport employs 1,900 and the Indiana Packers plant in Delphi employs 2,000.

"We're glad to be a part of Indiana's economy," said Tyson spokesman Worth Sparkman. "We estimate our total annual statewide impact to be about \$676 million." That includes wages of about \$89 million, livestock producer and poultry farmer pay of \$363 million and corn and soy purchases totaling \$210 million, among other things.

Those figures count the impact of the Logansport plant as well as a poultry processing plant in Corydon and a Portland plant that produces tortillas, flatbreads and chips.

According to leadership at Indiana Packers, food processing businesses are somewhat insulated from economic woes because of the product they provide.

"Food is not as much discretionary spending as maybe new things for your car is," said Gary Jacobson, president of Indiana Packers.

"And pork is a very good value."

Employment at the Indiana Packers pork processing plant has increased in the neighborhood of 30 to 40 percent over the last decade, Jacobson said, in part because of new operations that went online between 2005 and 2006, increasing production by 20 percent.

And at this point, the company runs "on a sold out position" regularly, he added.

"It's been a good strong, steady growth," Jacobson said. "Indiana is in the heart of corn country and pigs are the heart of corn consumption, so business has been very good."

This summer's heat waves and drought are likely to affect pork prices starting this fall and into the spring, said Jacobson.

High corn prices make pig farming less profitable, he explained, both reducing the supply of pork for processing plants come next spring and making the pork that is on the market more expensive.

In the short run, high temperatures make pigs less hungry and they don't fatten for market as quickly as they would in a cooler year. That means farmers either wait longer to bring their swine to market, or take them to market as usual but at a lighter weight.

"So the impact has not been really significant as far as production as a whole," Jacobson said, but it remains to be seen how the drought will change the plant's supply in the coming months.

Sparkman stated that none of Tyson's plants had altered production because of the drought.

“Of course, we are concerned about the long-term effects of the drought on input costs,” he added, “but we’d rather not speculate on what it will mean to our overall business.”

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